

APPAREL

merchandising

SECTION TWO

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**CHICAGO'S
SPORTMART
HITS STRIDE IN
ACTIVEWEAR**

**GALLUP POLLS
WOMEN ON
PRIVATE LABEL
MERCHANDISE**

**STRETCH JEANS
SOUGHT BY
MATURE
CUSTOMERS**

SALES PAGE AHEAD IN
ACTIVEWEAR



APPAREL *merchandising*

12 Activewear is the growth category of the 80's. Outlook for functional activewear is stable, while spectator looks continue to lead the way.

14 Activewear, both functional and spectator, now accounts for 20% of space and volume at the supermarket-styled Sportmart chain.

16 Kaufmann's Athletic Club—KAC—evolved at the Pittsburgh department store chain to give activewear a permanent home with strong visual and fashion statements.

20 Women's private label merchandise is helping traditional retailers to counterattack brand-laden off-price chains.

COVER PHOTO BY BOB WARD



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DEPARTMENTS

25 It's back to cotton in intimate apparel at department store and catalog chains. Discounters have not yet turned on to cotton bras, panties, slips and sleepwear.

26 The "gentleman jeans" customer is taking to stretch, having been weaned on stretch fabrics in leisure suits and dress pants. The younger, basic-jeans-buying customer, however, remains elusive.

33 Women's stretch jeans have found a home with the missy customer. The older shopper, say retailers, has been seduced by stretch's comfort and fit.

35 Children's stretch blue jeans may soon be a memory as retailers drop the item after poor sales. Mothers feel stretch is too expensive for rapidly growing children's bodies.

36 Discounters have increased their potential market share of children's overalls, according to a study conducted by Leo Shapiro & Associates.

39 Fabrics are breaking free from their old end-use boundaries and seasonal limitations. Today, the same fabric, for example, can be found in topweights and bottomweights.

40 Steve Jelin found his niche at Hills Department Stores. The discounter also has a niche: slow but steady growth of stores with everyday-low-prices, no-frills formats.



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Consumer Watch

women's private label

P rivate label merchandise is becoming a buzzword among traditional retailers. As they seek to counterattack off-pricers which pitch brands at label-hungry consumers faster than speeding bullets, they are developing private label programs.

Private label goods for department stores, in fact, have long been regarded as a way to differentiate one store from another. As so many department stores carry the same labels and designer names, private labels are one way to lure consumers into units. They are also a sweet way to boost margins. With retailers stocking more quality merchandise, they are discovering that they can secure margins as high as 125%.

Bloomingdale's, for one, carries approximately 35% private label apparel. Neiman Marcus, 33%, and I. Magnin, 30%. These three are considered to be the leaders in the field, but other stores are catching up.

Bruce Misset, vp of Oppenheimer, a brokerage firm in New York, estimates that private label merchandise in department stores will take the place of brand name goods in the next 10 years. "We're going to see a big change in the mix of department stores so that brands are no longer the stars but the supporters in apparel departments."

How do consumers feel about private label goods as stores are poised to offer more? To find out, the Gallup Organization conducted a coast to coast survey exclusively for *APPAREL merchandising*. Here are their results:

Are consumers aware of private labels?

Many consumers are not sure what private label merchandise is, reports the study. Consumers are most likely to recognize store labels as private label goods. Over 40% of United States women defined private label as a store brand.

Sears' Cheryl Tiegs, for example, was considered by only 17.1% of shoppers to be private label goods. Similarly, less than 5% realized The Hunt Club was exclusive with J. C. Penney and a little over 10% were aware that K mart was the only retailer to carry Jonathan Logan.

Clearly private label goods are not discernible to most consumers. In fact, a little more than 40% (about the same percentage who deemed store names private label goods) could not identify them and a little less than 20% named a national brand as private label or were not able to give any example.

The consumer's inability to distinguish private label merchandise at catalog chains and discounters reflects a concerted effort by these retailers to establish brand recognition. It's their way to offset the apparel inroads made by off-pricers to compete with specialty and department stores.

Most consumers are not increasing private label consumption. Instead they're buying about the same. Results of the survey indicate retailers are going to have to do some institutional ads to convince more consumers to purchase, as many shoppers concede status comes with national brands, as well as fashion. Retailers must educate them.

But for those consumers who have had positive experiences with private label goods, many are going so far as to buy them for gifts, seeing no stigma attached to giving this type of merchandise. So acceptable has private label merchandise become to them that nearly 60% feel confident to purchase them for a relative or friend.

Who is the shopper?

The typical private label consumer emerges as the one most retailers are doggedly pursuing, according to *Am/Gallup* research. She is young, affluent and well educated.

While interest in private label exists at all ages, the most excitement is generated by the 25- to 44-year-old consumer, results reveal. In addition, the high school graduate or college educated are most receptive to this merchandise. What's more, the household income of this consumer is likely to be over \$25,000.

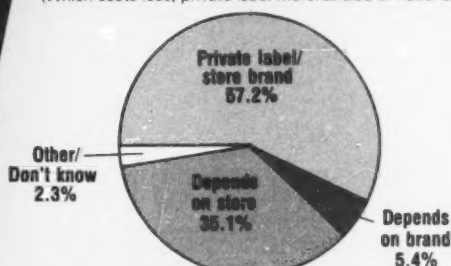


Hunt Club

PHOTOGRAPH BY RICK BARICK

Consumers expect to pay less for private label goods

(Which costs less, private label merchandise or national brands?)



Source: The Gallup Organization for APPAREL merchandising

Most consumers recognize store name merchandise as private label

(% of respondents who identify label as being private*)

Label	Total	East	Central	South	West
Store name	40.9	43.9	42.4	36.1	41.7
Cheryl Tiegs (Sears)	17.1	23.4	20.0	10.6	14.1
The Hunt Club (Penney)	4.2	4.2	3.9	5.7	2.8
Jonathan Logan (K mart)	10.9	12.8	13.7	6.4	8.6
The Fox (Penney)	9.3	11.2	8.3	10.6	6.1
The Dragon (Sears)	5.2	6.5	4.9	4.4	4.9
Other (incl. nat'l brand)	18.1	15.8	15.6	22.0	18.4
Don't know	41.9	40.7	38.5	45.8	42.3

*Responses add up to more than 100% due to multiple answers

Source: The Gallup Organization for APPAREL merchandising

So who's buying private label clothes? . . .

	... the baby boomers (age)					... high school grads (education)			... the affluent (income)				... and people on the coasts (region)			
	18-24	25-34	35-44	45-54	55 and over	Some high school	High school grad.	Some college	Less than \$10,000	\$10,000 to \$15,000	\$15,000 to \$25,000	\$25,000 and over	East	Central	South	West
	% of respondents who buy private labels															
	62.8	51.9	50.7	57.9	52.1	32.3	58.4	52.1	22.2	28.4	42.1	60.3	58.4	42.9	48.0	53.4

Source: The Gallup Organization for APPAREL merchandising

Consumer Watch

women's private label

Today's consumer buys this type of merchandise for herself. More than four in five women don private label goods. Children also are prime receivers of private label merchandise. Over 40% of the women buying unbranded merchandise report they are purchasing it for their youngsters.

How important is price?

Consumers buy private label merchandise because they feel they are getting the best buy for their money. Almost 50% said they were not paying as much for this type of merchandise as they were for national brands. This was the motivating factor as only one other reason chalked up a double-digit response. "better quality." Almost 20% of the women vowed they purchased private label goods because the apparel was well made.

Retailers take note: Prestige, styling and fit were each listed by fewer than 10% as reasons to buy, so if merchants

Price is the overriding factor in buying private label (% of respondents who cited reasons for purchasing private label*)

	Total	18-24	25-34	35-44	45-49	50 & older
Lower price	45.6	45.9	45.9	56.3	58.5	37.5
Better quality	18.9	21.3	16.6	18.3	15.4	20.3
Prestige	7.8	7.4	8.3	7.0	9.2	7.9
Better styling	7.3	14.8	4.4	1.4	3.1	9.3
Better fit	5.3	4.9	7.2	4.9	0.0	5.8
Other/ don't know	25.0	17.2	25.9	19.0	21.5	31.6

*Represents more than 100% due to multiple responses
Source: The Gallup Organization for APPAREL merchandising

Consumers are most likely to buy private label in department stores (In which store do you buy private label or store brand apparel?*)

	Total	18-24	25-34	35-44	45-49	50 & older
Dept. stores	47.4%	49.2%	41.2%	49.4%	32.4%	57.5%
Sears	40.6	31.7	49.6	49.4	51.4	26.4
Penney	38.4	27.0	45.4	53.1	43.2	25.5
Discount stores	29.8	30.2	31.1	32.1	35.1	24.5
Specialty stores	16.9	20.6	13.4	18.5	2.7	21.7
Ward	9.3	4.0	5.9	13.6	8.1	13.2
Off-price/ factory outlet	7.6	9.5	7.6	12.3	5.4	3.8
Catalog/ mail order	6.6	11.1	6.7	6.2	0.0	6.6
Other (specified)	5.4	6.3	2.5	4.9	10.8	6.6
Don't know	5.4	4.8	5.9	2.5	5.4	7.5

*Represents more than 100% due to multiple responses
Source: The Gallup Organization for APPAREL merchandising

want to increase private label assortments they had better take these factors into account. When asked why they purchased national brands, 12% of the women noted the styling was better and another 12% felt these goods conferred status.

But again, surprisingly, the prime reason for buying national brands was the same reason for buying private label. A little more than one in four (the largest percentage of respondents) maintained they purchased brands because they are less expensive, perhaps indicative of the promotional sale environment in stores. And almost the same percentage as those who bought private label allowed the quality was better.

How much less for private label?

The largest number of consumers perceive private label merchandise to cost 10% to 19% less than national brands. One in three named this percentage grouping. One in four thought private label goods cost from 20% to 29% less. A little under 12% suspected that these goods cost 10% less than brands, while just about the same percentage believed that private label goods were 30% to 50% less.

Where is private label bought?

Because most women identified store labels as private label merchandise, consumers indicated they bought these goods at department stores. Nearly 50% said they went there to secure private label merchandise.

Sears came close behind, with a little over 40% noting they shopped the nation's No. 1 retailer for private label. Next came Penney, with 38% of the women flocking to this chain. Fewer than 30% of the women maintained they buy them at discounters.

Surprisingly, only 17% said they headed to specialty stores. As these stores are known to have apparel made for their operation, it seems consumers are not aware that, for example, Hunter's Run at The Limited is private label merchandise. Another surprise was the fact that only about 7% said they buy private label from catalog/mail order enterprises as many of these operations specialize in private label.

What items are not bought?

Very few. Consumers are open to most apparel items. Nonetheless, women are least likely to buy skirts and pants that are private label, points out the Am/Gallup research. Even so, only 15% said they would not purchase these two apparel classifications, if they could not buy national brands.

For most other apparel categories, women did not seem to register much difference whether the apparel was branded or not. Only 5.6%, for instance, said they would not buy a suit unless it was a national brand; 8.6% for blouses and shirts; 6.4% for underwear, and only 2.4% for outerwear.

When buying children's wear, women voiced very little complaint about purchasing private label merchandise. Less than 4% of those surveyed seemed to care about buying branded children's wear.

How much is being purchased?

Consumers are buying the same amount of private label merchandise they purchased two years ago, according to the Am/Gallup research. Nearly 50% said they would buy the same amount, while 11.5% said they would buy more and nearly 30% said they would buy less. The remainder are not sure.

As might be expected, the main reason why they are buying the same amount or more is because the price of these items is right. Other reasons included more money to spend (14%), need more clothes (10.8%) and quality (10.8%).

CHILDREN'S WEAR

Discounters Excel In Kids' Overalls Market

Mothers make no bones about it. They want inexpensive children's wear. Result: They're shopping discounters.

Discounters, led by Troy, Mich.-based K mart, have increased their potential share of the children's overall market, according to the results of the latest CSA/Leo J. Shapiro & Associates survey of consumer buying intentions.

K mart, in fact, almost tripled its share. Of those women asked, 16.7% said they would probably buy children's overalls at K mart in 1983 compared with 5.7% in 1981. For all "discounters," including K mart, 26.9% of the women said they would shop at a discount outlet compared with 22.7% in 1981—an 18.5% increase.

"Price/discount" was the primary reason women named for shopping these stores. More than 4 out of 10 said price was the determin-

ing factor while "quality" was a distant second, mentioned by 17.3% of the consumers.

The discounters' gain was apparently at the expense of Sears and J. C. Penney. Sears' share of the potential children's overall market dropped from 25% in 1981 to 18.5% in the 1982 survey. Penney's share dropped from 11.4% in 1981 to 9.3% in 1982.

Sears' potential market share loss could be attributed to an equivalent drop in women's preference for private labels. In 1982, 23.1% of those asked said they preferred store brands compared with nearly 30% in 1981—a 23% decrease.

But the survey results indicated that the brand of overalls has little bearing on the shopper's choice. Price, again, seems to be the key. For example, Health-Tex, the



Consumers expect to pay less for kids' overalls in '83 than in '81.

most frequently named brand in 1981 (mentioned by more than 12% of the consumers), dropped to 9.3% in 1982.

More than 40% of those asked indicated they had no brand preference—be it the store brand or name brands. Designer brands, in fact, virtually dropped out of sight in the 1982 results reflecting the deep, yearlong recession. In 1981, 5.7% of those women asked said they would purchase designer names such as Jordache and Sasson. Not in 1982, though. Only 0.9%

named a designer line, and that was Izod.

Women also expect to pay less for children's overalls this year. In 1981, almost 50% said they would pay between \$10 and \$19 for overalls. Last year nearly 32% of those asked said they expect to pay between \$5 and \$9.99 for children's overalls. About 26% said they would pay from \$10 to \$14.99, while another 11.1% said they would be interested in children's overalls priced in the \$15 to \$19.99 range.

In Sears' case, the lower price expectations are being met. In the Sears 1982 fall/winter catalog, little boys' and girls' overalls were priced from \$5.99 to \$14.99.

For example, Sears offers a boys' cotton denim overall for \$5.99. Other selections include a multipocket, twill overall for \$9.99 and corduroy bib overalls at \$9.99. In little girls, a 100% cotton, midwale corduroy is priced at \$14.99 in the catalog.

Children's overalls at a glance

Store preference		Reasons for selecting a store		Price expectations		Brand preference	
Sears	18.5%	Price/discount	41.3%	\$4.99 & under	7.4%	Private label	23.1%
Dept. store	17.6	Quality	17.3	5-9.99	31.5	Health-Tex	9.3
K mart	16.7	Location	11.5	10-14.99	25.9	Carter	5.6
Spec. store	9.3	Selection	10.6	15-19.99	11.1	Oshkosh	3.7
Penney	9.3	Past satisfaction	4.8	20 & over	4.7	All others	16.6
All others	28.6	All others	14.5	N/A	19.4	N/A	41.7

N/A—not answering

Source: CSA/Leo Shapiro & Associates